



## PRESS RELEASE

28 June 2010

*Banco Popular and Crédit Mutuel to form a new banking platform*

### **BANCO POPULAR AND CREDIT MUTUEL–CIC TO ESTABLISH LONG-TERM STRATEGIC ALLIANCE**

- *Banco Popular and Crédit Mutuel-CIC have entered into a series of commercial agreements to serve their clients in their key markets (France, Germany, Spain and Portugal).*
- *In this context, Banco Popular and Crédit Mutuel-CIC will form a new banking platform with 123 branches and 505 employees distributed throughout Spain.*
- *The newly created platform will pursue opportunities for growth in the Spanish and Portuguese markets, including by participating in the reorganization of the Spanish financial sector that is currently underway*
- *The equally owned new banking platform will have 2 billion euros in assets and a capital ratio of 13%, the strongest of the Spanish banking sector. It will benefit from the full long-term support of Banco Popular particularly in relation to IT as well as other services.*
- *With this transaction, Banco Popular concludes the rationalization process of its branch network, following the integration of its regional subsidiaries.*
- *Finally, Crédit Mutuel and Banco Popular also announce that Crédit Mutuel will, subject to approvals, become a core shareholder of Banco Popular with a 5% stake to be acquired following this transaction.*



28 June 2010 – For the past two years, since Crédit Mutuel-CIC (“Crédit Mutuel”) acquired Banco Popular France from Banco Popular, the two groups have developed their cooperation in a number of areas in France, Germany, Spain and Portugal. The objective of these commercial agreements is to ensure that Banco Popular is in a position to provide services to its customers in France and that Crédit Mutuel (including CIC Iberbanco, the new name of Banco Popular France) is in a position to access banking services in the branch network of Banco Popular in Spain and Portugal.

The two groups have also developed cooperation in specific areas such as leasing and are committed to developing further strong ties in the long-term in IT, where Crédit Mutuel may offer innovative solutions for the Spanish and Portuguese markets.

In this context, Banco Popular and Crédit Mutuel, have reached an agreement to create a new banking platform that they will jointly control, each with a 50% stake. A total of 123 branches of the current branch network of Banco Popular will be transferred to the new platform.

In exchange for a 50% stake in the bank, Crédit Mutuel will invest 312 million euros, which places a value of the bank of 625 million euros. The core equity of this bank is 258 million euros.

The newly created platform will pursue opportunities for growth in the Spanish and Portuguese markets, including by participating in the reorganization of the Spanish financial sector that is currently underway. It will draw from the strength and experience of its two shareholders, in commercial management as well as in the application of new banking technologies, in order to take advantage of new business opportunities.

Upon completion of the transaction, this bank will have a core capital ratio of 13%, the highest of the Spanish banking sector, 2 billion euros in loans and 1.7 billion euros in deposits and assets under management. Its branches are predominately located in areas with high economic activity. True to the business model of Banco Popular and Crédit Mutuel, the bank will focus on service to individuals and SME´s. The bank will also benefit from the full long-term support of Banco Popular particularly for IT and other services.

Finally, Crédit Mutuel and Banco Popular also announce that Crédit Mutuel will, subject to approvals, become a core shareholder of Banco Popular with a 5% stake to be acquired following this transaction

The start of operations of the new banking platform is subject to customary conditions, including regulatory and antitrust approvals, and is expected to take place prior to year end.



### **Banco Popular, Europe´s most efficient.**

Currently ranking third in terms of assets among the Spanish banks (127,480 million euros\*), it has a market share of 4.74%\* in loans and 4.90%\* in deposits in Spain. Banco Popular also has operations in Portugal and Florida (USA).

With 2,336\* branches, Banco Popular is focused on retail and commercial banking and committed to satisfying the full range of its customers´ financial needs.

Banco Popular's business model is rooted in its retail and commercial franchise, an outstanding efficiency (cost/income ratio of 31%), recurrent earnings generation capacity and strong solvency and strength of capital (Core Capital ratio of 8.74%). These features constitute at the same time the competitive and the identity marks of a differentiated business model which has proven itself successful through the years and that will support the bank on taking on the new challenges faced by the financial sector.

\*Data as of March 2010

### **Crédit Mutuel, one of the main retail banking groups in France**

One of the main French retail banking groups with a total of more than 4000 branches, the CM5-CIC Group is comprised of the Federations of Credit Mutuel Centre Est Europe, Sud-Est, Ile de France, Savoie-Mont Blanc and Midi-Atlantique (since 1 January 2009), as well as of their common "Caisse fédérale de Crédit Mutuel" and of the Banque Fédérative du Crédit Mutuel.

Controlled by the group CM5-CIC, BFCM is a holding company whose purpose is to control the French and foreign operational subsidiaries (insurance, banking, IT...), including Targo Bank (in Germany) and CIC Iberbanco (in France) and Cofidis (in France, Belgium, Spain and Portugal), to refinance the group and to serve as a vehicle for external growth transactions.

The group CM5-CIC has one of the strongest balance sheets in terms of solvency and liquidity. As of 31 December 2009, the group had approximately 404 billion euros in deposits and savings and 225 billion euros of outstanding credits, with a 2009 net result of 1.435 billion euros.

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